

HB

119

HFIN

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STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST FIFTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
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April 8, 2002

The Honorable Senator Gene Theriault
Alaska State Senate
State Capitol (MS 3100)
Juneau, Alaska 99801-1182
Faxed to 907-465-3884 (attention Wilda Rodman)

Re: SB 280 *HB 119 2003*

Dear Senator Theriault:

You asked whether the owners of a utility that received grant funding under this proposed legislation would receive a profit based on those grant funds if the utility was ever sold. The brief answer is no, for the two reasons explained below.

First, any grant funds received by a utility are considered contributed capital and, with limited exception, a regulated utility is not permitted to recover contributed capital from its customers. The utility is also, with the same limited exceptions, not permitted to count the contributed capital as a portion of its investment in establishing the amount of return on its investment it may recover from its customers. AS 42.05.471(b). Utilities must account for contributed capital in a manner in which it is clearly identified or excluded from the utility's rate base under the uniform system of accounts prescribed by regulations. Utilities with annual revenues in excess of \$100,000 are also required to maintain continuing property records that reflect this treatment. AS 42.05.461.

Second, market value for a utility, similar to unregulated enterprises, is generally established using the net present value of expected future cash flows the purchasing entity will receive. The cost of purchasing a utility in excess of the net book value of the selling utility's assets (an acquisition adjustment) usually constrains market value. The new owner of a utility should know that they will not automatically be allowed to recover the acquisition adjustment from its customers through rates and will set the price accordingly.

Senator Theriault

April 8, 2002
Page 2

Either the stock or assets of a utility can be sold, and depending on the nature of the transaction, the prescribed uniform system of accounts will require the book value of the seller's plant to be carried forward by the purchaser rather than revaluing the assets to market value. At the time of the utility's next overall rate review, the RCA is directed by statute to establish the ratebase for the new owner using the lower of the purchase price or the value on the selling utilities' books. The book value represents the remaining value of the plant after the depreciation already paid by the utilities' customers has been deducted and the purchase price represents the market value of the utility. The statute requires rate base to be set at that value if lower so that the customers of the new utility are not paying for plant value the utility did not acquire.

The RCA has allowed acquisition adjustments to be recovered from ratepayers by the utility when the new owner provides evidence of public interest, like lower rates as the result of the acquisition. The RCA carefully scrutinizes proposed acquisition adjustments that utilities seek to recover through rates. The RCA's role is not to determine the purchase price in a utility sale, that is left to the parties. Rather, we regulate the amount of the purchase price that the utility will be allowed to recover from its ratepayers.

I hope this information is helpful to you. Please contact me if you need any further information.

Very Truly Yours,

G. Nanette Thompson
Chair

GNT:dea

Rhonda Boyles



Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email mayor@co.fairbanks.ak.us

March 4, 2003

The Honorable Representative John Coghill
119 N. Cushman, Suite 211
Fairbanks, AK 99701

Dear Representative Coghill:

I am writing you to give my support to House Bill 119, which would allow privately owned, public utilities to receive water and wastewater grants through the Department of Environmental Conservation.

The Fairbanks North Star Borough is a second-class borough and, as such, has limited powers in providing for water and wastewater utilities. These utilities can only be provided through citizen approved service areas. The citizens within the service area then raise their personal property tax mill rate to pay for specific services.

Two of the 117 service areas within the Borough have elected to provide some level of water and wastewater utility. Neither service area can afford the cost of providing quality utility functions nor can they afford major, necessary improvements. This has resulted in health and safety issues that must be addressed. One service area in particular, Ballaine Lake, has already raised their property taxes to the maximum mill rate allowed by statute. In order to improve their current wastewater process, they must turn to a privately owned, public utility company.

As in all other communities in Alaska, House Bill 119 would help privately owned, public water and wastewater utility companies to improve the existing infrastructure without placing the entire burden on the ratepayer. In our Borough, expansion of services as a result of HB 119 would allow improvements to areas with marginal, current systems.

Please add my support to this critical legislation. The Fairbanks North Star Borough Assembly and I will be submitting a resolution in support of HB 119 within the next two weeks.

Sincerely,

Rhonda Boyles

Rhonda Boyles,
Mayor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 119 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Water/Sewer/Waste Grants To Utilities BRU Regulatory Commission of Alaska (399)
 Component Regulatory Commission of Alaska
 Sponsor Representative Coghill
 Requester House Finance Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	136.0	136.0	136.0	136.0	136.0	136.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	136.0	136.0	136.0	136.0	136.0	136.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1141 - RCA Receipts	136.0	136.0	136.0	136.0	136.0	136.0
TOTAL	136.0	136.0	136.0	136.0	136.0	136.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Dave Harbour, Chair Phone 907-276-6222
 Division Regulatory Commission of Alaska Date/Time 5/1/03 12:44 PM
 Approved by: Edgar Blatchford, Commissioner Date 5/1/2003
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CS HB 119

ANALYSIS CONTINUATION

This legislation would make public water and sewer utilities eligible for grants for projects if their rates are regulated by the Regulatory Commission of Alaska under AS 42.05. Passage of this legislation may cause some of the utilities to seek a higher degree of regulation in order to be eligible to receive these grant funds. Economic regulation will require the utilities to prepare audited financial reports yearly and to submit all changes to each utility's rates and tariffs for Commission approval. For very small unsophisticated utilities, certification and economic regulation is difficult and expensive.

We estimate there are 168 privately owned water systems and 50 privately sewer systems that would be eligible for this grant funding if they became certificated and economically regulated by the RCA. There are 24 privately owned water systems and 7 privately owned sewer systems already certificated by the RCA. Of the certificated privately owned utilities, 21 of the water and 4 of the sewer systems are also economically regulated and would be automatically eligible to apply for the grant funding.

We believe that over time, up to 50% of the water and sewer utilities may apply for and receive certification and economic regulation. We estimate that 20% may apply each year over the next 5 years, but only 10% of the applications would be complete enough to be approved each year. If an application is incomplete, staff works with the utility to remedy any deficiencies; however, processing time is lengthened.

The RCA anticipates processing 44 applications each year, at approximately 1,760 man-hours, which will require the addition of another engineer position. The increase in tariff filings from these newly regulated utilities will require the addition of a tariff analyst position.

RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates. The RCC is capped at 0.8 % of regulated utilities annual gross revenues.

Fairbanks Daily News-Miner

Coghill suggests utility grant bill

By TOM MORAN

Saturday, March 01, 2003 - News-Miner Juneau Bureau

House Majority Leader Rep. John Coghill, R-North Pole, has introduced a bill that would let private water and sewer companies compete with public ones for state grant money.

Coghill said he decided to introduce the bill after being contacted by Golden Heart Utilities in Fairbanks, which was a public utility until the city of Fairbanks sold off its utility system in 1997.

"One of the privately owned utilities in Fairbanks is not eligible for grants that they were eligible for before they were purchased out from the public entity, and I think that there should be probably an ability to compete for those," Coghill said Thursday.

"You have public utilities that have a distinct advantage with public money, where somebody delivering the same service should at least be able to compete for the same sources of money."

Coghill's bill would allow private companies like Golden Heart to apply for state Department of Environmental Conservation grants for projects to enhance water quality or to improve public water, sewer or solid waste systems.

In cities with more than 5,000 people, state grants can pay for up to 50 percent of such projects or 60 percent if they involve recycling.

Coghill said that the bill addresses a Fairbanks issue but would have relevance throughout Alaska.

He said Anchorage Mayor George Wuerch supports the proposal as it might encourage utilities to privatize, a movement Coghill himself also favors.

"It just seemed to me appropriate that if we're going to move in the direction of privatization and try to create a competitive atmosphere even within public and private, that they should be able to compete with the same customers and the same sources for granting," he said. "It really was a matter of equity in my view."

Dan Gavora, the executive vice-president of Golden Heart Utilities, said the company doesn't advocate grants in general, but would like to have access to grant funds to help with expansion projects.

"If there are going to be grants, we want the same access because grants are coming from the taxes that our ratepayers pay, as well as municipal ratepayers pay," he said.

Gavora said grant money would help the utility undertake major projects, such as an extension of the sewer system to Sixmile Village on the way to North Pole, where there are groundwater contamination problems.

"On an investor basis, we can't do (that project) because the costs are prohibitive," he said.

Gavora stressed that by state regulations, grant money is accounted separately and cannot go to investors. In fact, he argued, grants would help to lower utility rates.

"What grants allow you to do is you're able to put in infrastructure that's not recoverable through rates," he said. "It allows further development."

Coghill said he believed that the oversight of the Regulatory Commission of Alaska would prevent the grants from being used to bolster profits rather than aid customers.

"There's a pretty clean barrier that I think would be kept there," he said.

On the other hand, Coghill said the bill is just a starting point and he would drop support for it if there were no way of making sure the grants ultimately benefit customers.

"Those are some of the questions I'll be asking along the way," he said. "If I find out that we're sending public money into private corporations just to fatten them up, I'm not going to go that way."

The bill was introduced on Wednesday and has been referred to the House Labor and Commerce and Finance committees.

Reporter Tom Moran can be reached at tmoran@newsminer.com or (907) 459-7590.

Municipal Grant Communities that Qualify for Federal Assistance

Wednesday, April 02, 2003

James A. Evensen, PE

Community	Federal and State Funding	State Funding
Anchorage Public Works		X
Anchorage Solid Waste		X
Bristol Bay Borough	X	X
Cordova	X	X
Craig	X	X
Dillingham	X	X
Eagle River		X
Fairbanks		X
Girdwood		X
Haines	X	X
Homer	X	X
Juneau, City and Borough		X
Kenai		X
Kenai Peninsula Borough	X (Off Road System)	X
Ketchikan		X
Ketchikan Gateway Borough	X (Off Road System)	X
King Cove	X	X
Kodiak	X	X
Kodiak Island Borough	X	X
Kotzebue	X	X
Mat-Su Borough		X
Nenana	X	X
Nome	X	X
North Pole		X
North Slope Borough	X	X
Palmer		X
Petersburg	X	X
Sand Point	X	X
Seward	X	X
Sitka, City and Borough	X	X
Skagway	X	X
St. Paul	X	X
Unalaska	X	X
Valdez	X	X
Wasilla		X
Wrangell	X	X
Yakutat	X	X

Private Water and Sewer Utilities Economically Regulated by RCA

From the 2001 Annual Report (latest published data)

Wednesday, March 26, 2003

Summarized by James A. Evensen, PM MG&L

Sewer Utilities Certified/Regulated	Water Utilities Certified/Regulated
College Utilities Corp Fairbanks	Chugiak Utilities, Inc. Eagle River
Crystal Cathedrals W&S, INC Haines	College Utilities Corp Fairbanks
Golden Heart Utilities, Inc. Fairbanks	Crystal Cathedrals W&S, INC Haines
Trillium Corp. Wasilla	Dawn Development Corp Eagle River
	Eagle Utilities, Inc. Palmer
	Golden Heart Utilities, Inc. Fairbanks
	Kake Tribal Corp. Pelican
	McGahan Utilities, Inc. Nikiski
	Mckinley Utilities, Inc. Eagle River
	N.L.T. Water Co., Inc. Wasilla
	Potter Creek Water Co. Anchorage
	Scott Hebertson & Randy Hestand D/B/A/ Sandlake Services Anchorage
	Southcentral Utilities, Inc. Anchorage
	Spenard Heights Water System Wayne Cates D/B/A Anchorage
	Swiss Castle Estates Water Works, Ron Alleva D/B/A Wasilla
	Trillium Corp Wasilla
	Valley Water Co., Inc. Fairbanks

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

701 WEST PRINCE AVENUE, SUITE 300
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April 8, 2002

The Honorable Senator Gene Theriault
Alaska State Senate
State Capitol (MS 3100)
Juneau, Alaska 99801-1182
Faxed to 907-485-3884 (attention Wilda Rodman)

Re: SB 280 HB 119 2002
in

Dear Senator Theriault:

You asked whether the owners of a utility that received grant funding under this proposed legislation would receive a profit based on those grant funds if the utility was ever sold. The brief answer is no, for the two reasons explained below.

First, any grant funds received by a utility are considered contributed capital and, with limited exception, a regulated utility is not permitted to recover contributed capital from its customers. The utility is also, with the same limited exceptions, not permitted to count the contributed capital as a portion of its investment in establishing the amount of return on its investment it may recover from its customers. AS 42.05.471(b). Utilities must account for contributed capital in a manner in which it is clearly identified or excluded from the utility's rate base under the uniform system of accounts prescribed by regulations. Utilities with annual revenues in excess of \$100,000 are also required to maintain continuing property records that reflect this treatment. AS 42.05.481.

Second, market value for a utility, similar to unregulated enterprises, is generally established using the net present value of expected future cash flows the purchasing entity will receive. The cost of purchasing a utility in excess of the net book value of the selling utility's assets (an acquisition adjustment) usually constrains market value. The new owner of a utility should know that they will not automatically be allowed to recover the acquisition adjustment from its customers through rates and will set the price accordingly.

Senator Therriault

April 8, 2002
Page 2

Either the stock or assets of a utility can be sold, and depending on the nature of the transaction, the prescribed uniform system of accounts will require the book value of the seller's plant to be carried forward by the purchaser rather than revaluing the assets to market value. At the time of the utility's next overall rate review, the RCA is directed by statute to establish the ratebase for the new owner using the lower of the purchase price or the value on the selling utilities' books. The book value represents the remaining value of the plant after the depreciation already paid by the utilities' customers has been deducted and the purchase price represents the market value of the utility. The statute requires rate base to be set at that value if lower so that the customers of the new utility are not paying for plant value the utility did not acquire.


The RCA has allowed acquisition adjustments to be recovered from ratepayers by the utility when the new owner provides evidence of public interest, like lower rates as the result of the acquisition. The RCA carefully scrutinizes proposed acquisition adjustments that utilities seek to recover through rates. The RCA's role is not to determine the purchase price in a utility sale, that is left to the parties. Rather, we regulate the amount of the purchase price that the utility will be allowed to recover from its ratepayers.

I hope this information is helpful to you. Please contact me if you need any further information.

Very Truly Yours,

G. Nanette Thompson
Chair

GNT:dea



Regulatory Treatment of Contributions In Aid of Construction as it Relates to Rate Base

Dan Gavora, Executive Vice President
Utility Services of Alaska

3691 Cameron Street, Suite 201

Fairbanks, Alaska 99709

(907) 479-3118

January 2003



Grant Eligibility

- This bill will expand grant funding to include investor owned, **Economically Regulated Utilities.**



Utility Accountability

■ **3 AAC 48.277 Uniform System of Accounts**

(14) Water utilities with annual operating revenues of \$1,000,000 or more shall maintain records and accounts in accordance with the Uniform System of Accounts for Class A water utilities prescribed by the National Association of Regulatory Commissioners which were in effect on January 1, 1982;



Rate Base Terminology

- **Rate Base:** The value of a utility's property used in computing an authorized return under the applicable laws and/or regulatory policies of the agency setting rates for the utility.

(National Association of Water Companies Sourcebook of Regulatory Techniques for Water Utilities, June 1997).

- **Contributions and Advances:** Contributions in aid of construction (CIAC), that is, capital or plant supplied by customers, developers, or public authorities, is **excluded from rate base**. . . [emphasis added].

(American Water Works Association Manual of Water Supply Practices Principles of Water Rates, Fees and Charges, AWWA M1, 2000).

Rate Base:

How is it calculated?

Utility Plant with Adjustments equals Rate Base

	COST OF UTILITY PLANT
Less Adjustments	<Accumulated Deprecation>
	<Contributions in Aid of Construction> Which includes developer and grant funded projects
Other Adjustments	Materials and Supplies
	Working Capital Allowance
Equals	RATE BASE

Note: This information was extracted from a presentation entitled "Basics of Rate Setting" prepared by John F. Guastella of Guastella Associates, Inc., presented at the NARUC sponsored 30th Annual Eastern Utility Rate School.

ALASKA STATE HOUSE OF REPRESENTATIVES

Interim Address:

3340 Badger Road, Suite 290
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4721



Session Contact:
(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

HB 119 SPONSOR STATEMENT

GRANTS TO REGULATED PUBLIC UTILITIES

Municipalities who operate public utilities have the ability to receive grants to expand utilities. Private utilities that are regulated by the Regulatory Commission of Alaska to provide public utilities to a service area do not qualify for grants. This results in increased utility costs for customers of the private utilities and discourages private operation of public utilities.

HB 119 would enable a privately owned water and wastewater utility to participate in the State's water and wastewater grant program if the Regulatory Commission of Alaska regulates the utility. Grants for solid waste processing, disposal or recovery systems would remain available only to municipalities.

When the grant process is utilized, the private utility would not be able to pass on the cost of improvements paid to the ratepayers. The Regulatory Commission of Alaska would not include the grant in the capital costs portion of the formula that sets the utility rate.

HB 119 creates equity for public and private utility ratepayers and encourages privatization of public utilities.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 119(L&C)
 (H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Grants to Regulated Public Utilities BRU Regulatory Commission of Alaska (399)
 Component Regulatory Commission of Alaska
 Sponsor Representative Coghill
 Requester House Labor & Commerce Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1141 - RCA Receipts	*	*	*	*	*	*
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Jim Strandberg, Commissioner Phone 907-276-6222
 Division Regulatory Commission of Alaska Date/Time 3/19/03 3:13 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/19/2003
 Agency Department of Community & Economic Development

FISCAL NOTE # 2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 119(L&C)

ANALYSIS CONTINUATION

This legislation would make public water and sewer utilities eligible for grants for projects if they serve as the primary utility for a municipality and their rates are regulated by the Regulatory Commission of Alaska under AS 42.05.

Legislative Audit recommended that the Commission determine the appropriate regulatory environment for small rural water and sewer utilities. For very small unsophisticated utilities, certification and economic regulation is difficult and expensive. For these utilities, local oversight and input is less costly. The RCA has held hearings and drafted regulations on small water and sewer regulation. The regulations are scheduled for discussion at the Commission's 4/9/03 public meeting. As currently proposed, the regulations would reduce the regulatory burden on small water and sewer utilities by establishing 3 classes of water/sewer utilities based on size: exempt, for very small utilities; reduced regulation, for the majority of smaller utilities; and certification and/or economic regulation for the very largest class. Passage of this legislation may cause some of the utilities to seek a higher degree of regulation in order to be eligible to receive these grant funds.

If large amounts of funds are available, this legislation could require an additional engineer and tariff analyst to analyze approximately 250 water and 125 sewer utilities who may apply for certification and economic regulation within the statutory timeliness deadlines. Two water and two sewer utilities currently certificated may require rate review to become economically regulated and eligible to receive grants. After two years, these positions can be reduced to part-time. Economic regulation will require the Commission to review and analyze all changes to each utility's rates and tariffs within the statutory deadlines. RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates. The RCC is capped at 0.8 % of regulated utilities annual gross revenues; the agency's current budget is too close to the cap to allow funding these positions.



April 30, 2003

Representative Bill Williams
Co-Chair House Finance Committee
State Capitol, Room 515
Juneau, Alaska 99801-1182

Re: Opposition to HB119

Dear Representative Williams:

I am writing to express concern about HB119. If adopted, HB119 will allow non-municipal, for-profit water and wastewater utility companies to be eligible to receive grant funding from the State of Alaska- thus competing with municipal utilities for limited grant resources. Some private companies already have access to the approximately \$220 million State wastewater and drinking water, 2.5% loan fund. These for-profits now want access, in competition with municipally-owned utilities like KPU, to a grant program that is capitalized at \$27 million of mostly General Funds and AHFC dividends. At a time when the State is reducing municipal funding and is shifting the burden of providing services onto the municipalities, the added impact of spreading those limited financial resources from public utilities to private profit motivated companies only exacerbates the problem.

The proposed legislation also has a potential impact on the Department of Environmental Conservation and the Regulatory Commission of Alaska. With the lure of free-money, the RCA estimates approximately 250 water and 125 sewer utilities may choose to become certified and economically regulated in order to be eligible for grants. As evident from testimony last year regarding the ability of the Regulatory Commission of Alaska to timely process its workload, the RCA can ill afford additional requests without the addition of personnel. The RCA will also need to address how it will monitor the accounting practices of for-profit companies to insure that scarce State funds are spent correctly. One can only wonder how the RCA will deal with the sale of a for-profit company that has received or is receiving State funding for improvements.

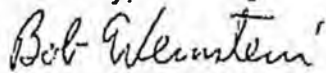
The Department of Environmental Conservation sees a similar impact to its Department. DEC has estimated this legislation would result in an average of 37 new projects that would be funded annually, essentially doubling the number

of projects it currently manages. DEC has estimated in its fiscal note that this impact will result in the need of two new engineers and one auditor at a cost of approximately \$260,000 annually.

Due to the direct and indirect impacts of HB119 on municipalities such as Ketchikan and the State, the City of Ketchikan respectfully opposes further consideration of this legislation.

Should you have any questions or if the City can be of any assistance regarding this issue, please do not hesitate to contact the City at 228-5603.

Sincerely,



Bob Weinstein
Mayor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 119(L&C)
(H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): _____ Dept. Affecte: Environmental Conservation
Title Expanding Eligibility of Water/Sewer/Waste BRU Facility Construction and Operation
Grants to Include Certain Public Utilities. Component Facility Construction and Operation
Sponsor Coghill
Requester House Labor and Commerce Component No. 637

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB 119 will expand eligibility for Municipal Water, Sewer and Solid Waste Matching Grants to include privately-owned water and sewer utilities that serve as a municipality's primary utility and are regulated by the Regulatory Commission of Alaska under AS 42.05. It is anticipated that only one additional water and sewer utility will qualify under the expanded eligibility. This will not affect program workload and will not have a fiscal impact on the department.

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